

AMENDED IN ASSEMBLY JULY 7, 2015

AMENDED IN ASSEMBLY JUNE 18, 2015

SENATE BILL

No. 7

Introduced by Senator Wolk
(Coauthor: Assembly Member Williams)

December 1, 2014

An act to add Chapter 2.5 (commencing with Section 1954.201) to Title 5 of Part 4 of Division 3 of the Civil Code, to add Section 17922.14 to the Health and Safety Code, and to add Section 51740 to, and to add Article 5 (commencing with Section 537) to Chapter 8 of Division 1 of, the Water Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 7, as amended, Wolk. Housing: water meters: multiunit structures.

(1) Existing law generally regulates the hiring of dwelling units and, among other things, imposes certain requirements on landlords and tenants. Among these requirements, existing law requires landlords to provide tenants with certain notices or disclosures pertaining to, among other things, pest control and gas meters.

This bill would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords.

~~This bill would define the term "submeter" for these purposes.~~

This bill would, if a submeter is used to charge a tenant separately for water service, impose requirements on landlords relating to submetered water service to individual dwelling units. The bill would

require a landlord to make certain disclosures to the tenant prior to the execution of the rental agreement, if the landlord intends to charge a tenant separately from rent for water service in a property with submeters. The bill would specify that as part of the monthly bill for water service, a landlord may only bill a tenant for volumetric water usage, as specified, a portion of any recurring fixed charge billed to the property by the water purveyor, as specified, a billing, administrative, or other fee, as prescribed, and a late charge. The bill would specify that payments are required to be due at the same point in each billing cycle, as prescribed, and that each bill must include and separately set forth certain information. The bill would prohibit a landlord from charging certain additional fees. The bill would require a landlord to maintain and make available in writing to a tenant, as specified, the date the submeter was last inspected, tested, and verified, the data used to calculate the tenant's bill, and the location of the submeter. The bill would require a landlord to investigate and, if warranted, rectify certain problems or a submeter reading that indicates constant or abnormal water usage. The bill would permit a landlord to enter a unit for specified purposes relating to a submeter or water fixture if certain requirements are met. The bill would permit a tenant to be charged late fees, as specified. The bill would provide that these provisions shall become operative on January 1, 2017.

(2) The California Building Standards Law provides for the adoption of building standards by state agencies by requiring all state agencies that adopt or propose adoption of any building standard to submit the building standard to the California Building Standards Commission for approval and adoption. Existing law creates the Building Standards Administration Special Revolving Fund and requires that funds deposited into the fund be expended, upon appropriation by the Legislature, to carry out specified provisions of law that relate to building standards, with emphasis placed on certain activities relating to green building standards.

This bill would authorize the Department of Housing and Community Development to develop and propose for adoption by the commission building standards that require the installation of water *meters or* submeters in multiunit residential buildings, as specified. The bill would exempt specified categories of structures from these building standards. This bill would provide that moneys in the fund are available to the department, upon appropriation, for administrative costs associated

with the development of building standards that require the installation of water *meters or* submeters in multiunit residential buildings.

(3) The Water Measurement Law requires every water purveyor to require, as a condition of new water service on and after January 1, 1992, the installation of a water meter to measure water service. That law also requires urban water suppliers to install water meters on specified service connections, and to charge water users based on the actual volume of deliveries as measured by those water meters in accordance with a certain timetable.

This bill would add to the Water Measurement Law the requirement that a water purveyor that provides water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure that submits an application for a water connection after January 1, 2017, measure the quantity of water supplied to each individual dwelling unit as a condition of new water service and permit the measurement to be by individual water meters or submeters, as defined. The bill would require the owner of the structure to ensure that a submeter installed for these purposes complies with laws and regulations governing the approval of submeter types or the installation, maintenance, reading, billing, and testing of submeters, including, but not limited to, the California Plumbing Code. The bill would exempt certain structures from these requirements. The bill would prohibit a water purveyor from imposing an additional capacity or connection fee or charge for a submeter that is installed by the owner, or his or her agent. The bill would provide that these provisions shall become operative on January 1, 2017.

~~This bill would define the term “submeter” for purposes of that law.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 2.5 (commencing with Section 1954.201)
2 is added to Title 5 of Part 4 of Division 3 of the Civil Code, to
3 read:

4
5 CHAPTER 2.5. WATER SERVICE

6
7 1954.201. It is the intent of the Legislature in enacting this
8 chapter to do both of the following:

1 (a) To encourage the conservation of water in multifamily
2 residential rental buildings through means either within the
3 landlord's or the tenant's control.

4 (b) To ensure that the practices involving the submetering of
5 dwelling units for water service are just and reasonable, and include
6 appropriate safeguards for both tenants and landlords.

7 ~~1954.202. "Submeter" means a device that measures water~~
8 ~~consumption of an individual rental unit within a multiunit~~
9 ~~residential structure or mixed-use residential and commercial~~
10 ~~structure, and that is owned and operated by the owner of the~~
11 ~~structure or the owner's agent. As used in this section, "multiunit~~
12 ~~residential structure" and "mixed-use residential and commercial~~
13 ~~structure" mean real property containing two or more dwelling~~
14 ~~units.~~

15 *1954.202. For the purposes of this chapter:*

16 (a) *"Billing agent" means a person or entity who contracts to*
17 *provide submetering services to a landlord, including billing.*

18 (b) *"Landlord" means an owner of residential rental property.*
19 *"Landlord" does not include a tenant who rents all or a portion*
20 *of a dwelling unit to subtenants. "Landlord" does not include a*
21 *common interest development, as defined in Section 4100 of the*
22 *Civil Code.*

23 (c) *"Property" means real property containing two or more*
24 *dwelling units that is served by a single master meter.*

25 (d) *"Purveyor" means any local purveyor who bills the landlord*
26 *for charges related to water treatment, distribution, or usage,*
27 *including, but not limited to, water sewer, stormwater, flood control*
28 *and water treatment charges.*

29 (e) *"Rental agreement" includes a fixed-term lease.*

30 (f) *"Renting" includes leasing, whether on a periodic or*
31 *fixed-term basis.*

32 (g) *"Submeter" means a device that measures water*
33 *consumption of an individual rental unit within a multiunit*
34 *residential structure or mixed-use residential and commercial*
35 *structure, and that is owned and operated by the owner of the*
36 *structure or the owner's agent. As used in this section, "multiunit*
37 *residential structure" and "mixed-use residential and commercial*
38 *structure" mean real property containing two or more dwelling*
39 *units.*

1 (h) “Water service” includes any charges, whether presented
2 for payment on local purveyor bills, tax bills, or bills from other
3 entities, related to water treatment, distribution, or usage,
4 including, but not limited to, water, sewer, stormwater, flood
5 control, and water treatment charges.

6 (i) “Water purveyor” means a water purveyor as defined in
7 Section 512 of the Water Code.

8 1954.203. (a) All properties that use submeters to separately
9 bill tenants for water service shall ensure:

10 (1) The submeter is inspected, tested, and verified for
11 commercial purposes pursuant to law, including, but not limited
12 to, Section 12500.5 of the Business and Professions Code.

13 (2) The installation conforms to all laws, including, but not
14 limited to, regulations established pursuant to Section 12107 of
15 the Business and Professions Code.

16 (3) The submeter for a dwelling unit measures only water that
17 is supplied for the exclusive use of the particular dwelling unit,
18 and only to an area within the exclusive possession and control
19 of the tenant of the dwelling unit.

20 (4) The submeter is capable of being accessed and read by the
21 tenant of the dwelling unit and read by the landlord without
22 entering the dwelling unit. A submeter installed before January 1,
23 2017, may be read by the landlord after entry into the unit, in
24 accordance with this chapter and Section 1954.

25 (5) Each submeter is reinspected and recalibrated within the
26 time limits specified in law or regulation.

27 (6) All plumbing fixtures and fittings within each dwelling unit
28 conform to all laws regarding water conservation.

29 (b) This section does not require a water purveyor to assume
30 responsibility for ensuring compliance with any law or regulation
31 governing installation, certification, maintenance, and testing of
32 submeters and associated onsite plumbing.

33 1954.204. Before executing a rental agreement, a landlord
34 who intends to charge a tenant separately from rent for water
35 service in a property with submeters shall clearly disclose the
36 following information to the tenant, in writing, in at least 10-point
37 type, which may be incorporated into the rental agreement:

38 (a) That the tenant will be billed for water service separately
39 from the rent.

1 (b) An estimate of the monthly bill for water service for units
2 at the property based on either of the following:

3 (1) The average or median bill for water service for comparative
4 units at the property over any three of the past six months.

5 (2) The amount of the bill based upon average indoor water use
6 of a family of four of approximately 200 gallons per day, and
7 including all other monthly charges that will be assessed. Estimates
8 for other gallons per day may also be included. The estimate shall
9 include a statement that the average family of four uses about 200
10 gallons of water each day.

11 (c) The due dates and payment procedures for bills for water
12 service.

13 (d) An email address and a toll-free telephone number or a local
14 telephone number for the tenant to contact with questions
15 regarding the water service billing and the days and hours for
16 regular telephone service at either number.

17 (e) That the monthly bill for water service may only include the
18 following charges:

19 (1) Payment due for the amount of usage as measured by the
20 submeter, charged at the same rate for commodity usage by the
21 purveyors.

22 (2) Payment of a portion of the fixed fee charged by the
23 purveyors for water service divided equally among all the units at
24 the property.

25 (3) A fee for the landlord's or billing agent's costs in accordance
26 with paragraph (3) of subdivision (a) of Section 1954.205.

27 (4) Any late fee, with the amounts and times assessed, in
28 compliance with Section 1954.213.

29 (f) A statement that the tenant shall notify the landlord in writing
30 of any leaks, drips, or other problems with the water system,
31 including problems with water saving devices, and that the landlord
32 is required to investigate, and, if necessary, repair these problems.

33 (g) A statement that the landlord shall provide any of the
34 following information if asked by the tenant:

35 (1) The location of the submeter.

36 (2) The calculations used to determine a monthly bill.

37 (3) The date the submeter was last certified for use, and the
38 date it is next scheduled for certification.

39 (h) A statement that if the tenant believes that the submeter
40 reading is inaccurate or the submeter is malfunctioning, the tenant

1 shall first notify the landlord in writing and request an
2 investigation. A tenant shall be provided with notice that if an
3 alleged submeter malfunction is not resolved by the landlord, a
4 tenant may contact the local county sealer and request that the
5 submeter be tested. Contact information for the county sealer shall
6 be included in the disclosure to the tenant.

7 (i) A statement that this disclosure is only a general overview
8 of the laws regarding submeters and that the laws can be found
9 at Chapter 2.5 (commencing with Section 1954.201) of Title 5 of
10 Part 4 of Division 3 of the Civil Code, available online or at most
11 libraries.

12 1954.205. (a) As part of the regular bill for water service, a
13 landlord shall only bill a tenant for the following water service:

14 (1) Volumetric charge for water at a rate calculated by dividing
15 the total charges for volumetric water use at the entire property
16 by the total volume of volumetric water used at the property
17 multiplied by the tenants measured usage at the property.

18 (2) Any recurring fixed charge for water service billed to the
19 property by the purveyors that, at the landlord's discretion, shall
20 be calculated by either of the following:

21 (A) The tenant's proportion of the total fixed charges charged
22 to the property. The tenant's proportion shall be based on the
23 percentage of the tenant's volumetric water use in relation to the
24 total volumetric water use of the entire property, as shown on the
25 property's water bill during that period.

26 (B) Dividing the total fixed charges charged to the property
27 equally among the total number of residential units and
28 nonresidential units at the property.

29 (3) A billing, administrative, or other fee for the landlord's and
30 billing agent's costs, which shall be the lesser of an amount not
31 to exceed four dollars and seventy-five cents (\$4.75), as adjusted
32 pursuant to this paragraph or 25 percent of the amount billed
33 pursuant to paragraph (1). Beginning January 1, 2018, the
34 maximum fee authorized by this paragraph may be adjusted each
35 calendar year by the landlord, no higher than a commensurate
36 increase in the California fiscal year average for the previous
37 fiscal year, for all urban consumers, as determined by the
38 Department of Finance.

39 (4) A late charge as assessed pursuant to Section 1954.213.

1 (b) If a submeter reading for the beginning or end of a billing
2 period is, in good faith, not available, the landlord shall bill the
3 tenant according to Section 1954.212.

4 (c) This section does not prohibit a landlord or the landlord's
5 billing agent from including any other lawful charges on the same
6 bill.

7 1954.206. (a) Submeters shall be read within three days of
8 the same point in each billing cycle.

9 (b) Payments shall be due at the same point in each billing
10 cycle. A tenant may agree in writing to receive a bill electronically.
11 A tenant may rescind authorization for electronic delivery of bills
12 at any time. A tenant shall not be required to pay a bill
13 electronically.

14 (c) A bill shall include and separately set forth the following
15 information:

16 (1) The submeter reading for the beginning date and ending
17 date of the billing cycle, the dates read, and the indicated
18 consumption as determined by subtracting the amount of the
19 beginning date submeter reading from the amount of the ending
20 date submeter reading. If the unit of measure is in something other
21 than gallons, the indicated consumption shall be expressed in
22 gallons.

23 (2) The amounts charged pursuant to subdivision (a) of Section
24 1954.205.

25 (3) The rate or rates charged for the volumetric charge per unit
26 of measure.

27 (4) The amount, if any, due from the previous month's bill.

28 (5) The amount, if any, due from bills prior to the previous
29 month's bill.

30 (6) The late fee, if any, imposed on amounts specified in
31 paragraph (4) or (5).

32 (7) The total amount due for the billing period.

33 (8) The due date for the payment.

34 (9) If a late fee is charged by the landlord, a statement of when
35 the late fees would apply.

36 (10) The procedure to contact the landlord or billing agent with
37 questions or concerns regarding the bill. Upon request of the
38 tenant, the landlord or billing agent shall respond in writing to
39 any questions or disputes from the tenant. If a billing agent is used,
40 the name of the billing agent shall be disclosed. The tenant shall

1 *be provided a mailing address, email address, telephone number,*
2 *which shall be either a toll-free or a local number, and the time*
3 *of regular telephone hours for contact regarding billing inquiries.*

4 *(11) A statement that the landlord or billing agent is not the*
5 *water purveyor that includes the name of the local water purveyor*
6 *providing the water service to the master meter.*

7 *(d) Notwithstanding paragraphs (4) and (5) of subdivision (c),*
8 *a separate bill may be provided for past due amounts if past due*
9 *amounts are not included on the current month's bill.*

10 *1954.207. (a) At the beginning of a tenancy, a submeter shall*
11 *be read after the tenant takes possession. If the regular reading*
12 *occurs less than five days prior to the tenant taking possession,*
13 *that reading may be substituted to establish usage. If the submeter*
14 *is manually read, the first bill may be estimated based on the rate*
15 *established in subdivision (b) of Section 1954.212.*

16 *(b) For a water-service bill at the end of a tenancy, the submeter*
17 *shall be read within five days, if possible. If the submeter cannot*
18 *be read within five days at the end of a tenancy, the bill amount*
19 *for the final month shall be based on the bill amount for the*
20 *previous month.*

21 *(c) The landlord may deduct an unpaid water service bill from*
22 *the security deposit upon the ending of a tenancy, if the last water*
23 *service bill showing the amount due is attached to the*
24 *documentation required by Section 1950.5.*

25 *1954.208. Unless it can be documented that a penalty is solely*
26 *the result of a tenant's failure to comply with state or local water*
27 *use regulations or restrictions, or both, regarding wasting of water,*
28 *a landlord shall not charge, recover, or allow to be charged or*
29 *recovered, fees incurred by the landlord from the purveyors, billing*
30 *agent, or any other person for any deposit, disconnection,*
31 *reconnection, late payment by the landlord, or any other penalty*
32 *assessed against the landlord. This section shall not prevent a*
33 *landlord from charging a tenant for the tenant's late payment of*
34 *any bill.*

35 *1954.209. The landlord shall maintain and make available in*
36 *writing, at the tenant's written or electronic request, within seven*
37 *days after the request, the following:*

38 *(a) The date the submeter was last inspected, tested, and*
39 *verified, and the date by which it shall be reinspected, tested, and*

1 *verified under law, if available. If this information is not available,*
2 *the landlord shall disclose that the information is not available.*

3 *(b) The data used to calculate the tenant's bill, as follows:*

4 *(1) The most recent water bill for the property's master water*
5 *meter showing the recurring fixed charge for water service billed*
6 *to the property by the water purveyor, and the usage charges for*
7 *the property, including any tiered amounts.*

8 *(2) Any other bills for water service, as defined in subdivision*
9 *(h) of Section 1954.202, for the property.*

10 *(3) The number of units in the property.*

11 *(4) If not shown on the bill for the property, the per unit charges*
12 *for volumetric water usage, including any tiered amounts.*

13 *(5) The formula used to calculate the charge for the tenant's*
14 *volumetric water usage.*

15 *(c) The location of the submeter.*

16 *1954.210. (a) If a tenant notifies the landlord in writing of, or*
17 *the landlord otherwise becomes aware of, a leak, a drip, a running*
18 *toilet, or other submeter problem, or a submeter reading indicates*
19 *constant or abnormal high water usage, the landlord shall have*
20 *the condition investigated, and, if warranted, rectify the condition.*

21 *(b) A tenant shall not remove any water fixtures or water*
22 *conservation devices that have been installed by the landlord.*

23 *(c) If the condition is rectified more than 14 days after the tenant*
24 *notifies the landlord in writing pursuant to subdivision (a), the*
25 *tenant's volumetric usage for any month or months that include*
26 *the period between 14 days after the initial investigation and the*
27 *repair shall be deemed to be fifteen dollars (\$15) or actual usage,*
28 *whichever is less. At the landlord's option, if submeter readings*
29 *are available to determine the usage at a point prior to*
30 *investigation and a point following repair, usage shall be deemed*
31 *to be fifty cents (\$0.50) per day for those days between the two*
32 *submeter readings or actual usage, whichever is less.*

33 *(d) If the condition remains unrectified for six months after*
34 *investigation, no further volumetric usage charges may be imposed*
35 *until the condition is repaired.*

36 *1954.211. In addition to the grounds for entry specified in*
37 *subdivision (a) of Section 1954, the landlord may enter a unit as*
38 *follows:*

39 *(a) For the purpose of installing, repairing, testing, and*
40 *maintaining a submeter, or for the purpose of repairing or testing*

1 any water fixture suspected by the landlord or reported by the
2 tenant to be in need of repair, if the requirements of Section 1954
3 are met.

4 (b) To read a submeter, if the requirements of this chapter and
5 Section 1954 are met. Notwithstanding paragraph (3) of
6 subdivision (d) of Section 1954, notice shall be given only in
7 writing.

8 1954.212. (a) If a monthly submeter reading necessary to
9 measure volumetric is unavailable, the tenant may be charged 75
10 percent of the average amount billed for volumetric usage for the
11 last three months for which complete billing information is
12 available. The adjustment shall be disclosed on the bill.

13 (b) If no complete billing information is available for the prior
14 three months, the volumetric usage charge shall be deemed to be
15 fifty cents (\$0.50) per day that the data is not available.

16 (c) If monthly submeter readings remain unavailable for more
17 than six months, the volumetric usage charge shall be deemed to
18 be zero for any subsequent month that the data is not available.

19 1954.213. (a) A tenant may be charged a late fee for any water
20 service bill not paid 25 days after mailing or other transmittal of
21 the bill. If the 25th day falls on a Saturday, Sunday, or holiday,
22 the late fee shall not be imposed until the day after the first business
23 day following the 25th day.

24 (b) A late fee of up to seven dollars (\$7) may be imposed if any
25 amount of a bill remains unpaid after the time described in
26 subdivision (a). A late fee of up to ten dollars (\$10) may be imposed
27 in each subsequent bill if any amount remains unpaid. If any partial
28 payments are made, they shall be credited against the bill that has
29 been outstanding the longest.

30 (c) In addition to the purposes specified in subdivision (b) of
31 Section 1950.5, if a water service bill remains unpaid after the
32 time described in subdivision (a) expires, the landlord may also
33 claim the amount of the unpaid bill from the security deposit.

34 (d) If a water service bill remains unpaid for 30 days after the
35 time described in subdivision (a) expires, the nonpayment shall
36 constitute a curable material breach of the lease. The landlord
37 shall have the right to terminate the tenancy in accordance with
38 paragraph (3) of Section 1161 of the Code of Civil Procedure with
39 the service of a three-day notice to cure covenant or quit upon the
40 tenant.

1 (e) Water service charges under this chapter shall not constitute
2 rent.

3 (f) The water service to a dwelling unit shall not be shut off or
4 otherwise interfered with by the landlord for any reason, including
5 nonpayment of a bill. Notwithstanding the foregoing, a landlord
6 or its agent may shut off water service to a dwelling unit or the
7 property, in order to make repairs, replacements of equipment, or
8 perform other maintenance at the property.

9 1954.214. This chapter does not preclude or preempt an
10 ordinance or regulation adopted prior to January 1, 2013, that
11 regulates the approval of submeter types or the installation,
12 maintenance, reading, billing, or testing of submeters and
13 associated onsite plumbing.

14 1954.215. The rights or obligations established under this
15 chapter shall not be waived. Any purported waiver is void.

16 1954.216. (a) This chapter applies to the following:

17 (1) All dwelling units offered for rent or rented in a building
18 where submeters were required to be installed pursuant to a
19 building standard adopted in accordance with Section 17922.14
20 of the Health and Safety Code.

21 (2) All dwelling units where submeters are used to charge a
22 tenant separately for water service.

23 (b) Nothing in this chapter shall be construed to apply to any
24 dwelling units other than those described in subdivision (a).

25 1954.217. This chapter shall become operative on January 1,
26 2017.

27 1954.218. Any property that is required to install individual
28 submeters pursuant to Article 5 (commencing with Section 537)
29 of Chapter 8 of Division 1 of the Water Code shall at all times be
30 required to bill residents for water service pursuant to this chapter.

31 SEC. 2. Section 17922.14 is added to the Health and Safety
32 Code, to read:

33 17922.14. (a) During the next regularly scheduled ~~triennial~~
34 *intervening* code cycle that commences on or after January 1, 2016,
35 or during a subsequent code adoption cycle, the department may
36 develop and propose for adoption by the California Building
37 Standards Commission, pursuant to Chapter 4 (commencing with
38 Section 18935) of Part 2.5, building standards requiring the
39 installation of water *meters or* submeters in multiunit residential
40 structures, as those terms are defined in Section 517 of the Water

Code. *These standards shall conform to Article 5 (commencing with Section 537) of Chapter 8 of Division 1 of the Water Code.*

(b) (1) The department shall determine whether and under what circumstances the installation of water *meters or* submeters is infeasible and include in the building standards proposed in subdivision (a) the appropriate provision for exemption from this requirement. The department may consider whether there are any issues specific to high-rise multifamily buildings that would require an exemption from the requirement for the installation of water *meters or* submeters.

(2) The following categories of structures shall be exempt from the building standards established pursuant to subdivision (a):

(A) Long-term health care facilities, as defined in Section ~~1418 of the Health and Safety Code. 1418.~~

(B) Low-income housing. For the purposes of this subparagraph, “low-income housing” means a residential building that is financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or federal, state, or local loans or grants, for which rents charged to lower income households, do not exceed rents prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance, and for which not less than 90 percent of the dwelling units within the building are designated for occupancy by lower income households. As used in this subparagraph, “lower income households” has the same meaning as defined in Section ~~50079.5 of the Health and Safety Code. 50079.5.~~

(C) Residential care facilities for the elderly, as defined in subdivision (k) of Section ~~1569.2 of the Health and Safety Code. 1569.2.~~

(D) Student dormitories.

(E) Time-share property, as defined in subdivision (aa) of Section 11212 of the Business and Professions Code.

(c) Moneys in the Building Standards Administration Special Revolving Fund established pursuant to Section 18931.7 shall be available, upon appropriation by the Legislature, for the department’s administrative costs associated with the development of building standards in accordance with this section.

SEC. 3. Section 517 is added to the Water Code, to read:

517. “Submeter” means a device that measures water consumption of an individual rental unit within a multiunit

1 residential structure or mixed-use residential and commercial
2 structure, and that is owned and operated by the owner of the
3 structure or the owner's agent. As used in this section, "multiunit
4 residential structure" and "mixed-use residential and commercial
5 structure" mean real property containing two or more dwelling
6 units.

7 SEC. 4. Article 5 (commencing with Section 537) is added to
8 Chapter 8 of Division 1 of the Water Code, to read:

10 Article 5. Multiunit Structures

11
12 537. (a) The structures in all of the following categories shall
13 be exempt from this article:

14 (1) Low-income housing. For purposes of this paragraph,
15 "low-income housing" means a residential building financed with
16 low-income housing tax credits, tax-exempt mortgage revenue
17 bonds, general obligation bonds, or local, state, or federal loans
18 or grants, for which the rents of the occupants in lower income
19 households, as defined in Section 50079.5 of the Health and Safety
20 Code, do not exceed rents prescribed by deed restrictions or
21 regulatory agreements pursuant to the terms of the financing or
22 financial assistance, and for which not less than 90 percent of the
23 dwelling units within the building are designated for occupancy
24 by lower income households, as defined in Section 50079.5 of the
25 Health and Safety Code.

26 (2) Student dormitories.

27 (3) Long-term health care facilities, as defined in Section 1418
28 of the Health and Safety Code.

29 (4) Time-share property, as defined in subdivision (aa) of
30 Section 11212 of the Business and Professions Code.

31 (5) Residential care facilities for the elderly, as defined in
32 Section 1569.2 of the Health and Safety Code.

33 (b) A submeter used to measure water supplied to an individual
34 residential unit that is required pursuant to this chapter shall be
35 of a type approved pursuant to Section 12500.5 of the Business
36 and Professions Code, and shall be installed and operated in
37 compliance with regulations established pursuant to Section 12107
38 of the Business and Professions Code.

39 537.1. (a) Each water purveyor that sells, leases, rents,
40 furnishes, or delivers water service to a newly constructed multiunit

1 *residential structure or newly constructed mixed-use residential*
2 *and commercial structure for which an application for a water*
3 *connection, or more than one connection, is submitted after*
4 *January 1, 2017, shall require a measurement of the quantity of*
5 *water supplied to each individual dwelling unit as a condition of*
6 *new water service. The measurement may be by individual water*
7 *meters or submeters.*

8 *(b) (1) The owner of the structure shall ensure that each*
9 *submeter installed complies with all laws and regulations*
10 *governing the approval of submeter types or the installation,*
11 *maintenance, reading, billing, and testing of submeters, including,*
12 *but not limited to, the California Plumbing Code.*

13 *(2) This subdivision does not require a water purveyor to fund*
14 *or assume responsibility for ensuring compliance with any law or*
15 *regulation governing the approval of submeter types or the*
16 *installation, maintenance, reading, billing, and testing of submeters*
17 *and associated onsite plumbing.*

18 *(c) A water purveyor shall not impose an additional capacity*
19 *or connection fee or charge for a submeter that is installed by the*
20 *owner, or his or her agent.*

21 *(d) This section shall remain operative until the date on which*
22 *the California Building Standards Commission includes standards*
23 *in the California Building Standards Code that conform to this*
24 *article.*

25 *537.2. (a) This article does not preclude or preempt an*
26 *ordinance or regulation that regulates the approval of submeter*
27 *types or the installation, maintenance, reading, billing, or testing*
28 *of submeters and associated onsite plumbing if the ordinance was*
29 *adopted prior to January 1, 2013.*

30 *(b) This article does not restrict the authority of a water*
31 *purveyor, city, county, city and county, or other local agency to*
32 *adopt and implement a program to promote water conservation*
33 *that includes the installation of water meters and submeters, as*
34 *required pursuant to subdivision (a) of Section 537.1, if the*
35 *program is at least as stringent as the requirements of this article.*

36 *537.3. It is the intent of the Legislature that this article should*
37 *not be construed to impose costs on any local government agency,*
38 *except to the extent that the local government agency is a water*
39 *purveyor.*

1 537.4. *This article shall become operative on January 1, 2017.*

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